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# FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON, D.C. 20426

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## NEWS RELEASE

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### FOR IMMEDIATE RELEASE

April 7, 2000

### **ATLANTA RTO WORKSHOP LEANS TOWARD TRANSCOS**

Participants in a two-day Federal Energy Regulatory Commission workshop in Atlanta, Georgia, to discuss Regional Transmission Organizations (RTOs) in the Southeast generally agreed that an independent transco—a for-profit transmission company—is a preferable RTO structure. Many believe that this option will help facilitate the merger of smaller entities to improve the ultimate scope of operations.

In general, the region's transmission-owning utilities indicated they prefer the transco approach because it continues to align ownership with operation. Several of the transmission owners said they were talking with their neighbors about RTO development.

Unlike other regions where transmission entities have evolved from existing tight power pools or by virtue of a state mandate, RTO formation in the Southeast appears to be driven more by the marketplace and business decisions by transmission owners.

Workshop facilitator Shelton M. Cannon, Deputy Director of the Commission's Office of Markets, Tariffs and Rates, said: "After seeing the presentations and listening to the discussions that are taking place regarding RTO development in the Southeast, I am very encouraged. Momentum is clearly building in several distinct subregions. The challenge going forward will be to keep this momentum going and make sure that these distinct efforts are coordinated at the seams."

A breakout session discussed seams—or border—issues. Discussions centered on coordination activities in transmission, reservation and scheduling, planning, operations, and the determination of available transfer capability.

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One panel discussed Southeast-wide market issues and possible solutions. A proposal to move forward with a Southeast RTO comprised of all entities in the area was presented. In addition, the panel discussed necessary coordination activities that need to occur between RTOs.

In December 1999, the Commission adopted Order No. 2000, its historic policy designed to further competition and bring lower prices to electric utility consumers through the voluntary development by transmission owners of RTOs. RTOs work to prevent the abuses of market power which hinder competition.

At that time, the Commission said it would undertake a collaborative process, of which the Atlanta workshop is a part. Commission staff are fully engaged with transmission owners, public and non-public utilities, as well as state officials and affected interest groups, in working toward the voluntary development of RTOs.

To accommodate the issues and concerns of the parties in each region, a unique agenda has been developed for each workshop. Each workshop has had a clear regional flavor.

In Order No. 2000, the Commission made clear that it was not favoring one form of RTO over another and would encourage flexibility in RTO formation. In addition, the Commission withheld judgment about whether existing Independent System Operators (ISOs) qualify as RTOs under the rule.

The Commission held its first regional workshop March 1 and 2 in Cincinnati. A second workshop was held in Philadelphia on March 15 and 16 and a third was held in Las Vegas March 23 and 24. A fourth took place in Kansas City, Missouri, March 29 and 30.

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